

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Inquiry Concerning the Deployment of	)	
Advanced Telecommunications	)	
Capability to All Americans in a Reasonable	)	GN Docket No. 07-45
and Timely Fashion, and Possible Steps	)	
to Accelerate Such Deployment	)	
Pursuant to Section 706 of the	)	
Telecommunications Act of 1996	)	

**COMMENTS  
of the  
ORGANIZATION FOR THE PROMOTION AND  
ADVANCEMENT OF SMALL TELECOMMUNICATIONS COMPANIES**

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## SUMMARY

Deployment of advanced services by rural ILECs is occurring in a reasonable and timely manner in spite of higher costs and other challenges. OPASTCO members are among the industry leaders in bringing new, innovative services to consumers in high-cost rural areas. A recent survey of OPASTCO members found that virtually all respondents offer broadband Internet access using a variety of delivery mediums, and on average can offer the service to over 90 percent of their customers. Over 40 percent offer broadband to all customers in their service areas. Broadband services are vitally important to rural areas, bringing economic benefits, educational opportunities, and advances in health care that might not be available otherwise. Despite significant obstacles, rural ILECs are bringing advanced telecommunications capabilities to consumers in high-cost markets to the greatest extent feasible.

In order to accelerate deployment of advanced services in areas served by rural ILECs, the commission should (A) move rapidly to make video content more accessible to ILECs attempting to enter the video market using broadband technologies, because it is widely recognized that bundling video services with broadband increases broadband penetration; (B) lift the caps on high-cost loop support, as they impede rural carriers' efforts to make broadband available to the most expensive regions of their service areas; and (C) ensure that rural ILECs have affordable, nondiscriminatory access to Internet backbone facilities, because rural ILECs' higher backbone expenses risk making faster bandwidth speeds unaffordable to end users.

The Commission should consider that the definition of "advanced telecommunications capability" is a constantly evolving target that can vary not only

between service areas, but within sections of a particular service area as well. Initial broadband deployment typically starts in the more densely populated portions of rural service areas and radiates outward. When the availability of broadband services approaches or reaches the least densely populated areas, new investments in even more robust broadband capability often occur, again originating in the more densely populated areas. This pattern repeats itself in a cyclical manner. Therefore, the definition of “advanced telecommunications capability” should reflect these dynamic conditions and evolve based upon technological advancements and marketplace demands.

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**I. INTRODUCTION**

The Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) hereby submits these comments in response to the Federal Communications Commission's Notice of Inquiry (NOI) in the above-captioned proceeding.<sup>1</sup> OPASTCO is a national trade association representing over 520 small incumbent local exchange carriers (ILECs) serving rural areas of the United States. Its members, which include both commercial companies and cooperatives, together serve over 3.5 million customers. All OPASTCO members are rural telephone companies as defined in 47 U.S.C. §153(37).

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<sup>1</sup> *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996*, GN Docket No. 07-45, Notice of Inquiry, FCC 07-21 (rel. Apr. 16, 2007) (NOI).

In addition to serving as ILECs, OPASTCO members are among the industry leaders in bringing new, innovative services to consumers in high-cost rural areas. Virtually all offer broadband Internet access using a variety of delivery mediums. On average, OPASTCO members can provide broadband services to over 90 percent of their customers. Over 40 percent are able to offer broadband to all customers in their service areas. Despite significant obstacles, rural ILECs are bringing advanced telecommunications capabilities to consumers in high-cost markets. Advanced services are vital to economic development, education and health care in rural areas. The Commission can help accelerate deployment by ensuring that video content is accessible to small carriers using broadband to provide video services, lifting the caps on high-cost loop support for rural ILECs, and ensuring that rural carriers have affordable, nondiscriminatory access to Internet backbone facilities.

The rapid and continuous evolution of technology, applications, marketplace demands and varying consumer expectations present considerable challenges to defining “advanced telecommunications capability”<sup>2</sup> with a set throughput rate. The definition should reflect the nature of advanced services, which are subject to constant changes in technology, differing consumer expectations, and which expand throughout service areas at different velocities depending on a variety of local factors.

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<sup>2</sup> The terms “advanced” and “broadband” services are used interchangeably, per the NOI. NOI, ¶ 3, n. 3.

## **II. DEPLOYMENT OF ADVANCED SERVICES BY RURAL ILECS IS OCCURRING IN A REASONABLE AND TIMELY MANNER IN SPITE OF HIGHER COSTS AND OTHER CHALLENGES**

The NOI specifically requests comments and data on deployment of advanced services to “consumers living in rural and other hard-to-serve areas.”<sup>3</sup> OPASTCO conducted a survey of its membership in April 2007, which demonstrates that despite significant obstacles, rural ILECs have continued to make advanced services available on an increasingly widespread basis.<sup>4</sup> The survey’s findings are presented below.

Availability and Penetration – All respondents indicated that they offer broadband<sup>5</sup> to at least some of their customers. On average, respondents have been able to make broadband available to over 90 percent of their customer base. Over 40 percent of respondents can deliver broadband to 100 percent of the customers in their service territory. Of the consumers to whom advanced services are available, 31 percent subscribe, on average.

Data Speeds and Service Tiers – Almost 90 percent of respondents reported being able to deliver data speeds of at least one megabit per second (mbps) in one direction. The maximum speeds offered varied widely, from a low of 384 kilobits per second (kbps) to a high of 20 mbps. On average, carriers offer three tiers of speed. Speeds and monthly rates vary widely, with charges ranging from as low as \$23.00 to over \$100 per month, depending on features and bundling with other services, when available. Approximately one-third of respondents offer discounts when advanced services are bundled with other

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<sup>3</sup> NOI, ¶ 25.

<sup>4</sup> OPASTCO surveyed 310 of its members via electronic mail. Some of the recipients were contacts for multiple operating companies. With 72 responses received, the response rate was above 23 percent.

<sup>5</sup> For the purposes of the survey, broadband or advanced services (terms used interchangeably) are considered to be those with data speeds of at least 200 kbps in at least one direction.

services, notably video.

Delivery Technology – Over 90 percent of respondents use digital subscriber line (DSL) technology to deliver broadband to subscribers. Nearly 78 percent utilize the DSL tariffs available in the National Exchange Carrier Association (NECA) pool, while the remainder price their DSL services independently.

A number of rural ILECs use additional technologies to expand the availability of their broadband services. Fiber is deployed all the way to the customer premises by 25 percent of respondents. Unlicensed wireless spectrum is used by 20 percent of respondents, while licensed wireless spectrum is used by less than eight percent. Cable modems are used by 15 percent of respondents, while five percent of respondents use satellite.

Competition – Over 75 percent of respondents indicated that they face broadband competition from two or more other providers. An additional 17 percent of respondents have one competitor. Only five percent reported no effective competition.

Clearly, rural ILECs have made great strides in providing advanced services to their customers, despite the higher costs and other challenges these carriers face. Rural ILECs must overcome factors such as sparse and dispersed populations, great distances between the customer and the central office “switch,” difficult terrain, and a lack of economies of scale. Compounding these challenges for rural carriers is the inability to spread costs over urban population centers, and the lack of access to many of the capital resources that are enjoyed by large carriers.

The NOI accurately portrays the vital importance of broadband to the nation at large, pointing out economic benefits, educational opportunities, and advances in health

care that are facilitated by the availability of advanced services.<sup>6</sup> Rural ILECs are willing to assume the business risks of deploying broadband to the greatest extent feasible in their small, high-cost areas because they are integral parts of their communities, and meeting customer needs is their primary mission. Furthermore, the benefits brought by advanced services are especially important to rural areas where employment opportunities and advanced education and health care facilities are often limited in comparison to more urban communities.<sup>7</sup>

One example of a small, rural ILEC's broadband deployment efforts was highlighted recently in testimony to the U.S. House of Representative's Small Business Subcommittee On Rural and Urban Entrepreneurship. The subcommittee held a May 9, 2007 hearing on "Maximizing the Value of Broadband Services to Rural Communities." Brent Christensen, Vice President and General Manager of Christensen Communications Company located in Madelia, Minnesota related how his company originally deployed DSL technology in their town in order to serve one small business. This testimony, included as Attachment A, is illustrative of how customer needs, not carrier convenience, often drives the deployment of advanced services to consumers in rural ILEC territories.

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<sup>6</sup> NOI, ¶¶ 2 - 4.

<sup>7</sup> See, Statement of Commissioner Jonathan S. Adelstein, NOI, p. 19.

**III. IN ORDER TO ACCELERATE DEPLOYMENT OF ADVANCED SERVICES IN AREAS SERVED BY RURAL ILECS, THE COMMISSION SHOULD (A) MOVE RAPIDLY TO MAKE VIDEO CONTENT MORE ACCESSIBLE TO ILECS ATTEMPTING TO ENTER THE VIDEO MARKET USING BROADBAND TECHNOLOGIES; (B) LIFT THE CAPS ON HIGH-COST LOOP SUPPORT; AND (C) ENSURE THAT RURAL ILECS HAVE AFFORDABLE, NONDISCRIMINATORY ACCESS TO INTERNET BACKBONE FACILITIES**

The NOI asks what actions can accelerate deployment of advanced services.<sup>8</sup>

There are three specific actions that the Commission can take to encourage further deployment of advanced services infrastructure. The Commission should: (A) take steps to make video content more available to ILECs entering the video market using broadband technologies; (B) lift the caps on the high-cost loop support (HCLS) mechanism within the High-Cost Universal Service program; and (C) ensure that rural ILECs have affordable, nondiscriminatory access to Internet backbone facilities.

**(A) The Commission Should Move Rapidly To Make Video Content More Accessible To ILECs Attempting To Enter The Video Market Using Broadband Technologies**

It is widely recognized that bundling video services with broadband increases broadband penetration. As Chairman Kevin Martin noted in December 2006, the “ability to deploy broadband networks rapidly and the ability to offer video to consumers are linked intrinsically.”<sup>9</sup>

Significantly, a recent study conducted as part of the National Technology Scan, an ongoing research project overseen by Parks Associates, found that 29 percent of households nationwide had no Internet access, and no intention of obtaining it within the next 12 months. In light of these figures, researchers concluded that the most likely way

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<sup>8</sup> *Id.*, ¶ 32.

<sup>9</sup> Chairman Martin’s remarks to the Phoenix Center, Dec. 6, 2006, available at

to extend broadband penetration is through the availability of video content. The firm's research director stated: "Entertainment applications will be the key. If anything will pull in the holdouts, it's going to be applications that make the Internet more akin to pay TV."<sup>10</sup>

Using broadband technologies to offer video content to consumers, most often through Internet protocol television (IPTV), is exactly what many rural ILECs are doing. As OPASTCO noted in the Commission's video competition docket, 75 percent of rural ILEC respondents to a survey were found to be providing video over DSL or fiber platforms, and more were considering doing so but were cautious largely due to the daunting economics involved with obtaining video content.<sup>11</sup>

Details on the specific actions the Commission should take to ensure that content is available to rural ILECs entering the video market are included in OPASTCO's comments in the video competition and program access proceedings. In summary, these actions include:

- Extending the prohibition against exclusive contracts for programming as provided for in Section 628 of the Communications Act of 1934, as amended;<sup>12</sup>
- Granting the American Cable Association's petition<sup>13</sup> on retransmission consent, and adopting suggested rule changes;<sup>14</sup>

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[http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/DOC-268845A1.doc](http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-268845A1.doc).

<sup>10</sup> *Offline Americans See Internet of Little Value*, Parks Associates press release, [http://newsroom.parksassociates.com/article\\_display.cfm?article\\_id=3510](http://newsroom.parksassociates.com/article_display.cfm?article_id=3510).

<sup>11</sup> OPASTCO reply comments, MB Docket No. 06-189 (fil. Dec. 29, 2006), pp. 3-14 (OPASTCO video replies).

<sup>12</sup> OPASTCO-ITTA comments, MB Docket No. 07-29 (fil. Apr. 2, 2007). *See also*, Coalition for Competitive Access to Content comments, MB Docket No. 07-29 (fil. Apr. 2, 2007); Coalition for Competitive Access to Content reply comments, MB Docket No. 07-29 (fil. Apr. 16, 2007); OPASTCO video replies.

<sup>13</sup> OPASTCO video replies, pp. 8-12.

<sup>14</sup> National Telecommunications Cooperative Association comments, MB Docket No. 06-189 (fil. Nov. 29, 2006), pp. 6-12.

- Examining the impacts of forced carriage on video competition, and recognizing that requiring a carrier to purchase unwanted programming in order to offer “must have” content (i.e., tying) constitutes an unfair trade practice that hinders the provision of video services;<sup>15</sup>
- Liberalizing discovery rules to provide video service providers with the ability to demonstrate unfair practices;<sup>16</sup>
- Clarifying that the use of shared head-ends cannot be used as an excuse to deny access to content nor impose unwarranted and burdensome financial or technological obligations;<sup>17</sup> and
- Re-examining the interpretation of “effective competition” to reduce abusive predatory pricing practices.<sup>18</sup>

Because further deployment of broadband is impeded by the difficulty of entering the video market, addressing the issues noted above should be a priority for the Commission. Assisting rural ILECs’ entry into the video market will, in turn, promote the deployment and penetration of broadband in the areas served by these carriers.

#### **B. The Commission Should Lift the Caps on High-Cost Loop Support**

The NOI requests information on factors that influence the ability to invest in broadband-capable facilities.<sup>19</sup> A significant barrier to further investment is the caps presently imposed on the HCLS mechanism within the High-Cost Universal Service program.

In its Fourth Report to Congress on the Availability of Advanced Telecommunications Capability in the United States, the Commission acknowledged that the Universal Service Fund legitimately “...supports the deployment of facilities that can

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<sup>15</sup> OPASTCO video replies, pp. 10-11.

<sup>16</sup> EchoStar comments, MB Docket No. 06-189 (fil. Nov. 29, 2006), pp. 12-13.

<sup>17</sup> OPASTCO video replies, pp. 12-13.

<sup>18</sup> *Id.*, pp. 13-14.

<sup>19</sup> NOI, ¶¶ 13, 17-18.

be used to provide broadband in rural communities.”<sup>20</sup> In addition, the Commission has agreed with the Rural Task Force's conclusion that “...universal service policies should not inadvertently create barriers to the provision of access to advanced services....”<sup>21</sup>

However, since 1993, caps have limited the amount of support available to rural ILECs from the HCLS mechanism, which is the largest of the support mechanisms through which these carriers receive funding. In fact, since July 2001, when these caps were “re-based” by the Commission,<sup>22</sup> rural ILECs have forgone over \$2.5 billion in federal high-cost support.<sup>23</sup> The nature of the capping mechanism on HCLS has created significant unpredictability for rural ILECs from year to year, as an increase in support for any carrier lessens the support for other carriers. More importantly, the caps limit the cost recovery rural ILECs can rely on from the Universal Service Fund when they make costly and risky investments in broadband-capable infrastructure.

The caps on rural ILECs' high-cost support are at odds with the Commission's professed “no barriers to advanced services” universal service policy. These caps seriously impede rural carriers' efforts to make broadband available to the most

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<sup>20</sup> *Availability of Advanced Telecommunications Capability in The United States*, GN Docket No. 04-54, Fourth Report to Congress, 19 FCC Rcd 20540, 20571 (2004). The Commission has further declared: “**The public switched telephone network is not a single-use network.** Modern network infrastructure can provide access not only to voice services, but also to data, graphics, video, and other services.... Rural carriers may consider both their present and future needs in determining what plant to deploy, knowing that prudent investment will be eligible for support.” *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Fourteenth Report and Order, Twenty-Second Order on Reconsideration, and Further Notice of Proposed Rulemaking, *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers*, CC Docket No. 00-256, Report and Order, 16 FCC Rcd 11244, 11322, ¶ 200 (2001) (Rural Task Force Order) (emphasis added).

<sup>21</sup> Rural Task Force Order, 16 FCC Rcd 11322, ¶ 199. The Rural Task Force recommended a “no barriers to advanced services” policy which stated, in part, that “[t]he **federal universal service support fund should be sized so that it presents no barriers to investment in plant needed to provide access to advanced services.**” *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Rural Task Force Recommendation to the Federal-State Joint Board on Universal Service, 16 FCC Rcd 6165, 6185 (2001) (emphasis added).

<sup>22</sup> 47 C.F.R. §§36.603-36.604.

expensive regions of their service areas where the costs of deploying infrastructure are most prohibitive. By lifting the caps on HCLS, the Commission would eliminate a major source of uncertainty for rural ILECs and take an important step toward achieving policymakers' goal of affordable access to broadband for all Americans.

**C. The Commission Should Ensure That Rural ILECs Have Affordable, Nondiscriminatory Access to the Internet Backbone**

A significant challenge that merits the Commission's attention is the high cost of access to the Internet backbone for carriers in more remote locations. The cost of access to the Internet backbone is based upon mileage, among other factors. Therefore, the further removed a carrier is from a backbone facility, the higher their cost of backbone access. When end users utilize more bandwidth, carriers must upgrade their backbone access. But the increase in the total cost of broadband deployment that results from the higher backbone expense risks making faster bandwidth speeds unaffordable to end users.

High costs and the lack of competition for backbone access in rural areas results in the majority of rural ILECs having only one connection to backbone facilities.<sup>23</sup> A number of rural carriers have formed consortiums to construct their own state or regional backbone networks. However, these arrangements are not yet feasible everywhere. As large carriers continue to merge, the number of options for access to the Internet backbone that are available to rural carriers diminishes. Therefore, the Commission must remain vigilant to ensure that rural ILECs have affordable access to backbone facilities

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<sup>23</sup> Source: NECA USF data submissions. Note that the \$2.5 billion figure does not include any of the support forgone from the caps in place prior to July 2001.

<sup>24</sup> A separate April, 2007 survey of OPASTCO members found that only 41 percent had more than one backbone connection.

on nondiscriminatory terms.

**IV. THE LEVEL OF SERVICE CONSIDERED TO BE “ADVANCED TELECOMMUNICATIONS CAPABILITY” SHOULD CONTINUOUSLY EVOLVE IN CONCERT WITH MARKETPLACE NEEDS AND TECHNOLOGICAL ADVANCEMENTS**

The NOI asks what the definition of “advanced telecommunications capability” should be.<sup>25</sup> The Commission should consider that the standard for “advanced telecommunications capability” is constantly evolving, and can vary not only between service areas, but within sections of a particular service area as well. Technological limitations and marketplace demands normally make the initial deployment of a particular level of capacity most feasible starting in the portions of rural service areas that have the highest population densities.<sup>26</sup> Service deployment then radiates outward toward the more sparsely populated sections of a service territory. It may expand rapidly and evenly in some areas, but less so in others depending on a variety of factors including topography, population distributions, local demand, etc. When the availability of a given level of broadband approaches or reaches the least densely populated areas, it is not uncommon for marketplace demands and technological evolutions to lead to new investments in even more robust broadband capability. The new, higher level of service again tends to originate in the more densely populated areas, and again expands from that point. This pattern repeats itself in a cyclical manner.

Establishing a definition that recognizes that advanced services are constantly evolving is, at this point, preferable to a definition based upon a fixed data speed, since technological advancements and marketplace demands will likely render any one speed

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<sup>25</sup> NOI, ¶ 12.

<sup>26</sup> *Id.*, ¶¶ 13, 17-18.

of broadband inappropriate. In addition, a speed-based definition risks rapid obsolescence, as new applications and compression technology change the dynamics of how consumers will utilize broadband.

It may be reasonable for the Commission to incorporate more than one level of service into the definition. For instance, a “basic” level of broadband that is suitable for applications such as file transfers, web browsing, e-mail, etc., might be complemented with a “premium” version suitable for more demanding applications, notably IPTV or video conferencing. The Commission should not adopt a definition that would change automatically.<sup>27</sup> Changes in marketplace demands and technological capabilities are too unpredictable at this point to make alterations based on pre-determined conditions.

The rapid and continuous evolution of technology, applications, marketplace demands and varying consumer expectations present considerable challenges to defining “advanced telecommunications capability” with a set throughput rate. The definition should reflect the nature of advanced services, which are subject to constant changes in technology, differing consumer expectations, and which expand throughout service areas at different velocities depending on a variety of local factors.

## **V. CONCLUSION**

Rural ILECs are successfully overcoming significant obstacles and are investing in the modern telecommunications infrastructure necessary to bring advanced services to consumers in high-cost areas to the greatest extent feasible. To encourage further broadband investment, the Commission should make video content more accessible to ILECs attempting to enter the video market using broadband technologies, lift the caps

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<sup>27</sup> *Id.*, ¶ 12.

on high-cost loop support, and ensure that rural ILECs have affordable, nondiscriminatory access to Internet backbone facilities. The definition of “advanced telecommunications capability” should evolve based upon technological advancements and marketplace demands.

Respectfully submitted,

**THE ORGANIZATION FOR THE PROMOTION  
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# **ATTACHMENT A**

**TESTIMONY OF**  
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**MADELIA, MINNESOTA**

**UNITED STATES HOUSE OF REPRESENTATIVES**

**SMALL BUSINESS SUBCOMMITTEE on**  
**RURAL and URBAN ENTREPRENEURSHIP**

**MAY 9, 2007**

Mr. Chairman and members of the committee, thank you for the opportunity to testify this morning. My name is Brent Christensen. I am the Vice President and General Manager of Christensen Communications Company. We are an independent, local exchange telecommunications carrier located in Madelia, Minnesota. It would be easier to tell you that we are a telephone company, but quite frankly, that is no longer an accurate description. I also have the privilege of serving as the chairman of the Legislative Policy Committee for the Organization for Promotion and Advancement of Small Telecommunications Companies (OPASTCO).

Our company was founded in 1903 by 48 local people who wanted state of the art telecommunications. One of those original 48 was my great-great-grandfather, Henry Joerg (the local blacksmith and saddle maker). This original group approached the owner

of the local flour mill, C. S. Christensen (my other great-great-grandfather), and asked him to purchase 25% of the original stock. Over the years, my family acquired more and more stock, and today my father is the sole stockholder.

In 2006, we stopped using the Madelia Telephone Company name altogether.

Christensen Communications Company better reflects what our business has become.

We had customers who never thought of us when they needed their computers repaired or even for high-speed Internet.

We are very integrated in our community. We employ six people, not counting my parents and me. All but one of our employees reside in the community. We encourage our staff to be active in the community. Our employees are or have been volunteer Firefighters, EMTs, and Boy and Girl Scout leaders. We are active in the Chamber of Commerce and other civic organizations. I currently serve on the Madelia Public School Board and am Vice President of the Chamber of Commerce. I also previously served as Mayor of Madelia and president of the Madelia Development Corporation.

I am here today to talk about broadband's impact on rural communities and Madelia in particular. We started providing broadband in 2000. We didn't start by putting a business plan together and figuring out how much money we could make. We started offering DSL because it is important to the economic survival of our community. We entered into the DSL business because Marv Davis needed it.

Marv, and his son Will, own Davis Sales and Service, a local Polaris dealer. We had been offering dial-up Internet service for a few years, as was a competitor. They told me

that Polaris had changed the way they sold their snowmobiles, watercraft, and ATVs. Warranties were now issued over the Internet. When a customer came in to buy a snowmobile, the Davis' would fill out the customer information online and print off a warranty application. Once the customer had signed the document, the Davis' would scan the document and transmit it back to Polaris over the Internet. The problem was that dial-up was too slow for this process and their dial-up connection would frequently time out and they would have to start over. This was a frustrating process for the Davis' and their customers. In the end, if we didn't solve the problem, the Davis' would sell fewer Polaris', and it would severely impact their business.

I did some research on different solutions that would work with our network. We bought some equipment and got DSL service to the Davis'. The entire process took about 20 days. We didn't do a business case first, we didn't have to go through corporate bureaucracy, we just got a new service to a customer who needed it. The hard part was figuring out what to charge. It took us awhile, but in the end we settled on a rate that was both fair to the consumer and eventually recovered our costs.

When I was in high school, I worked at the telephone company as the summer help. My grandfather was president of the company at the time. I remember the two of us walking back to the office one day and him telling me how important the telephone company was to the community and how we had a responsibility to provide the best service possible. Back then it meant providing quality, reliable telephone service. Today it means much more. Today we have to provide state of the art communications for the survival of our small town. Madelia is like a lot of other towns our size, and in many ways like the

communications industry itself. We are in competition with other communities in our area. We are in competition for industry and people. As a community we have to leverage our assets to develop our economy. Communications is one of those assets. Because of our communications infrastructure, we can market our town to telecommuters, small businesses, and others who do not depend on a specific location to conduct their business.

A good example of this is the House of Print. They are a local printing company that was started in the 1960s by a company that owned two daily newspapers in towns about twenty miles from Madelia to the north and south. Both papers needed to replace their printing facilities, and instead of each buying new presses, they built a new printing operation in Madelia which is halfway between the two. Today The House of Print prints newspapers for 100 daily and weekly newspapers.

The House of Print was our third DSL customer. Before they received high speed Internet, drivers would have to bring floppy disks containing the newspaper pages to Madelia to be printed. Proofs would have to be either faxed or mailed to customers, and the company was very geographically limited. Our high speed Internet allowed them to expand their customer base and increase their business. They have literally brought in millions of dollars of new business because of their high-speed Internet connection.

The House of Print is no longer geographically limited. Today they can bid for printing jobs online, allow the customer to upload data, proof the job on line, and mail the finished product directly from their facility. They have the advantage of being centrally

located in the United States, which makes shipping their finished product that much easier. The House of Print has expanded significantly as a direct result of the Internet. They have added or upgraded their printing presses and expanded their building facilities.

The House of Print has become very dependent on the Internet for their business. So much so that they have had to add a redundant Internet connection. While we are now the only dial up Internet provider in Madelia, we have two high speed Internet competitors, Midwest Wireless, a cellular provider, and Comcast Cable. The House of Print gets their redundant Internet connection from Comcast.

As a small, rural company, we face many challenges providing state of the art communications. We have to provide all of the same services as the larger companies. This gives us a good understanding of our customers.

A good example of this is Farmers State Bank in Madelia. They are a locally owned independent bank. They compete against the Madelia branch office of a much larger bank. Our high-speed Internet connection has allowed Farmers State Bank to offer a full line of Internet banking services. I personally balance my checking account online and have even started paying my bills online. These services have kept Farmers State Bank competitive with other banks in our area.

Companies like Christensen Communications look to Congress for leadership on issues and programs that give us the opportunity to thrive, and in turn, keep our customers and community thriving. We ask Congress to continue to support a strong and viable Universal Service Fund (USF). The USF is the most important federal program for our

continued success. Congress and the Federal Communications Commission needs to support the reform of the intercarrier compensation regime by implementing the Missoula Plan, which was developed by a broad cross section of the telecommunications industry. And Congress needs to support programs at the Agriculture Department's Rural Utilities Service and the Small Business Administration that help small businesses like mine.

We face many challenges in this industry, which directly affect our company and our ability to provide the advanced services our customers need to stay competitive in their businesses, like Davis Sales and Service, the House of Print, and Farmers State Bank.

I would like to thank you for the opportunity to testify today, and I would be happy to answer any questions you may have.

CERTIFICATE OF SERVICE

I, Brian Ford, hereby certify that a copy of the reply comments by the Organization for the Promotion and Advancement of Small Telecommunications Companies was sent by first class United States mail, postage prepaid, or via electronic mail, on this, the 16th day of May, 2007, to those listed on the attached sheet.

By: /s/ Brian Ford  
Brian Ford

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